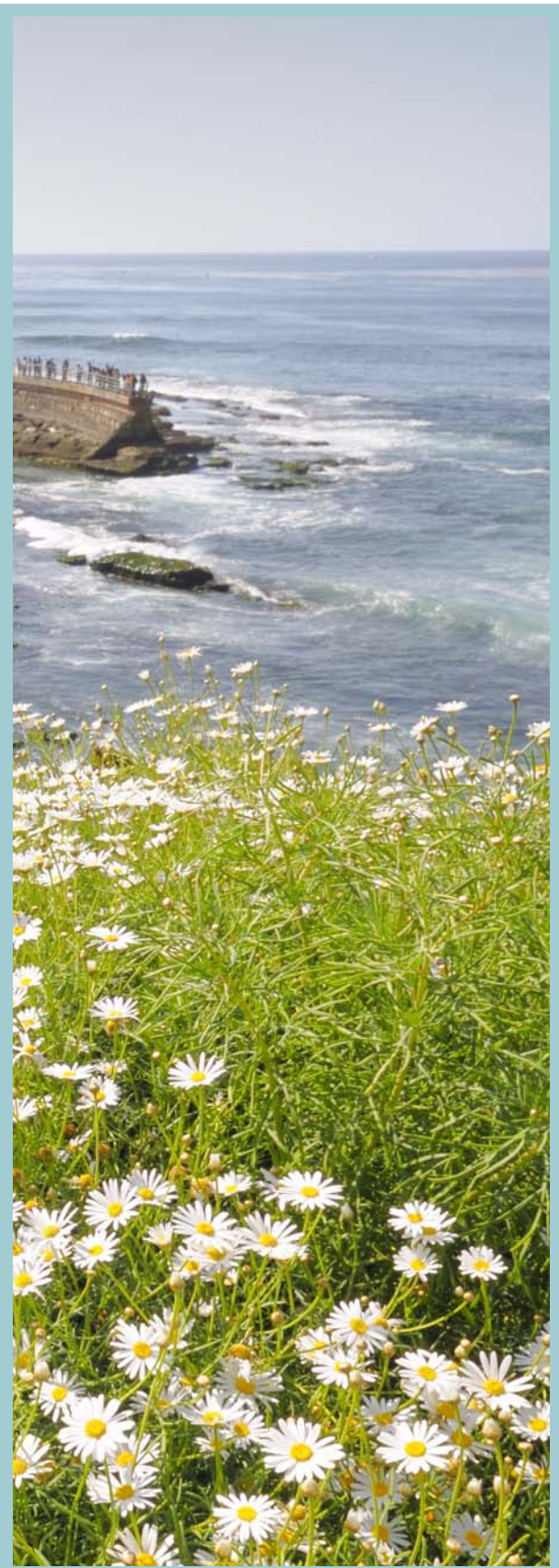


County of San Diego, California



Popular Annual Financial Report

Fiscal year ended June 30, 2009



Citizens of San Diego County:

Our Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2009 was prepared by the Auditor and Controller's office to provide readers of interest an easy to understand summary of our financial activities. The data from this report was taken from our Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. Both reports are available online at <http://www.sdcountry.ca.gov/auditor/cafr.html>.

The information included in this report contains an overview of the County's economy and outlook, an analysis of the County's financial position and key financial information concerning the County's investments, capital assets and debt. It also includes a summary of our General Management System, around which we have built a culture of operational excellence and highlights strategic initiative achievements. It also provides summaries of how the County's monies were received and spent and includes significant statistical and demographic data.

It is important to note that the financial data in this report is unaudited, includes information exclusively on primary government funds and is presented on a non-GAAP (Generally Accepted Accounting Principles) basis. This means that it excludes discrete component unit and fiduciary fund information, contains condensed financial information and does not provide all of the necessary financial statements and note disclosures required by GAAP.

We hope you enjoy reading this report and invite you to access our audited CAFR online for more detailed information on your County finances. We welcome your questions, comments and suggestions regarding the information in this report. You can contact our office at (619) 531-5413.



DONALD F. STEUER
Chief Financial Officer



TRACY M. SANDOVAL
Auditor & Controller

“The noblest motive is the public good”

BOARD OF SUPERVISORS

District

1 |



Greg Cox

2 |



Dianne Jacob
Chair

3 |



Pam Slater-Price
Vice-Chair

4 |



Ron Roberts

5 |



Bill Horn

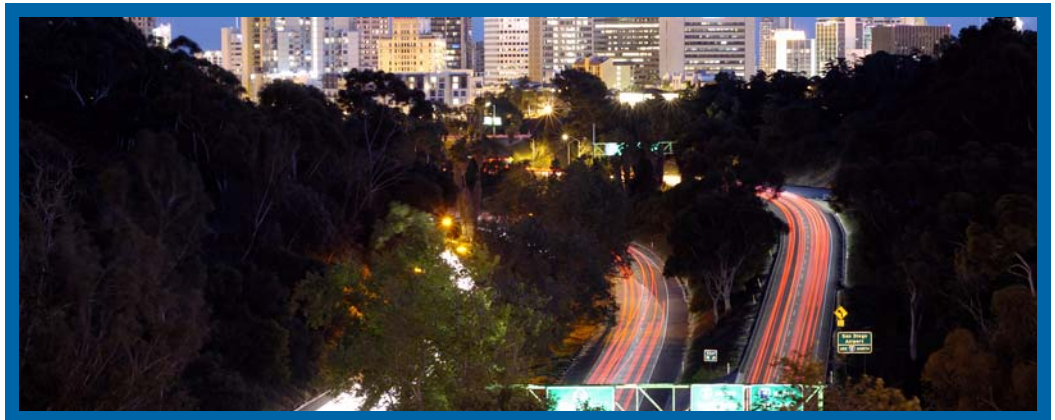
The County was incorporated on February 18, 1850, and functions under a charter adopted in July 1933. A five-member Board of Supervisors elected to four-year terms in district nonpartisan elections governs the County. The Board of Supervisors appoints the following officers: the Chief Administrative Officer (CAO), the County Counsel, the Probation Officer and the Clerk of the Board of Supervisors. The Chief Administrative Officer appoints the Chief Financial Officer, the Auditor and Controller and all other appointive officers. Elected officials include the Assessor/Recorder/County Clerk, District Attorney, Sheriff and Treasurer-Tax Collector.

It is the second largest County by population in California behind Los Angeles County. There are 18 incorporated cities in the County; of them, the City of San Diego is the largest and Del Mar is the smallest. Tijuana, Mexico is a substantial urban neighbor with a shared border, workforce, and economy.

The County's core values are expressed in these Guiding Principles:

- Provide for the safety and well-being of those San Diego communities, families, individuals, and other organizations we serve.
- Preserve and enhance the environment in San Diego County.
- Ensure the County's fiscal stability through periods of economic fluctuations and changing priorities and service demands.
- Promote a culture that values our employees, partners, and customers, and institutionalizes continuous improvement and innovation.

County Mission: “To provide the residents of San Diego County with superior County services in terms of quality, timeliness, and value in order to improve the regional quality of life.”



County Economy and Outlook

The economic events of September and October, 2008, have had far reaching and long-term impacts on the financial markets in the U.S. and around the world.

Although nationally there has been modest improvements in recent economic data and a general easing in financial conditions, the economic outlook for a strong and sustainable recovery is uncertain at best.

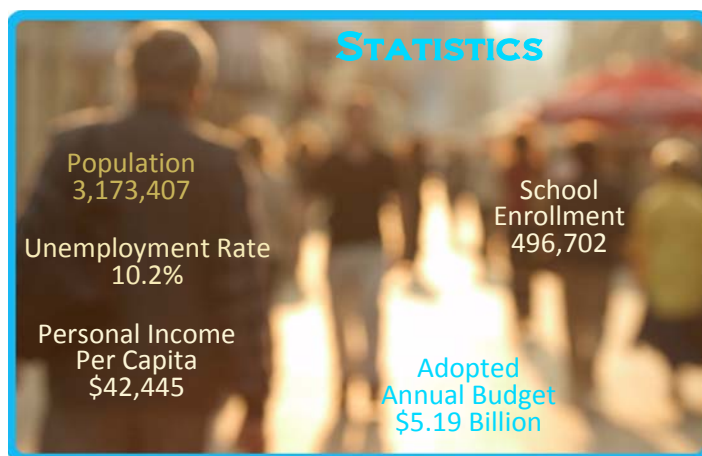
The state of the economy plays a significant role in the County's ability to provide core services and the mix of other services sought by the public. For example, there is an increased demand for public assistance, while at the same time the State and local resources available to fund those services are shrinking. Fewer customers are seeking land development or building permit services, making it difficult to maintain core services for these fee-based programs. The real estate market slump affects the County's general purpose revenue, which is expected to decline in Fiscal Year 2009-10 from Fiscal Year 2008-09. General purpose revenue is relied upon to fund local discretionary services, as well as to fund the County's share of costs for services that are provided in partnership with the State and federal government. The State of California's budget has been severely impacted by the recession and consequently has had to cut funding to local governments in many program areas, including grants for certain public safety services.

County revenues that are affected by the state of the local economies include

property taxes, sales taxes, and charges for services. Key factors impacting these revenues include real estate activity and consumer spending which are in turn greatly influenced by interest rates and the general economy. Although short and long-term interest rates are low by historical standards, there is continued uncertainty regarding the pace of economic recovery at the national, state and local levels.

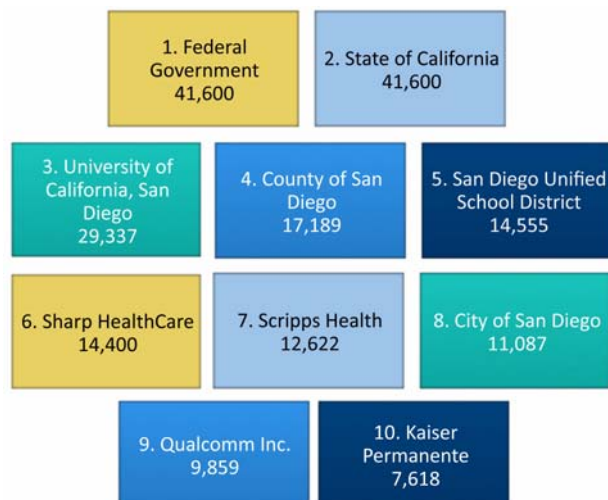
County management continues to evaluate and respond to the changing economic environment and its impact on the cost and the demand for County services.

Sources: State of California Department of Finance, San Diego Association of Governments (SANDAG) - San Diego's Regional Planning Agency, the State of California Employment Development Department, and the California Association of Realtors.



See the Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2009, Statistical Table 13 and Letter of Transmittal.

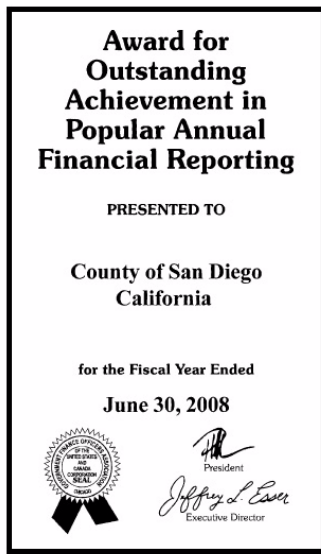
TOP 10 PRINCIPAL EMPLOYERS



See Comprehensive Annual Report (CAFR) for fiscal year ended June 30, 2009, Statistical Table 14.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the County of San Diego for its Popular Annual Financial Report for the fiscal year ended June 30, 2008. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.



In order to receive an Award for Outstanding Achievement in Popular Annual Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform

to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

Other Awards and Recognitions

Various County programs received awards for operational and service delivery achievements, technological innovations, and prudent fiscal management.

- San Diego County received 39 awards in fiscal year 2009 from the National Association of Counties (NACo). This was the fourth year in a row that the County has received more awards than any other U.S. county. The winning programs, which span all five County business groups, were recognized for being innovative and successful, and for promoting quality, efficiency, and a responsive county government. The programs receiving awards included Students Taking Academic Responsibility (STAR), Independent Living Skills/Foster Youth Workforce Services, Integrated Fire Suppression/Stormwater Compliance, Collaborative Citizenship Classes at Neighborhood Library Branches, Crime Analysis Early Warning System, Health and Human Services Agency Contractor Financial Review, Medical Examiner Bereavement Center, Office of Emergency Services for Kids, Senior Expo: Protect Yourself and Your Wallet, Sheriff Mobile Photo Identification System and the Tweenie Kitten Foster Program.
- The Department of Media and Public Relations' County Television Network (CTN) received 9 awards at the

National Association of Telecommunications Officers & Advisors conference in September 2008 for excellence in broadcast, cable, multimedia and electronic programming.

- The California State Association of Counties awarded the County a 2008 Challenge Award for its Rapid Response to Local Emergencies through the implementation of four Local Assistance Centers (LACs) opened to help fire victims within 72 hours of Firestorm 2007. During the wildfires, residents lost homes and cars, making it difficult to travel to locations from which they could receive aid. The LACs provided "one-stop-shops" for fire victims to apply for aid and to interface with local, state, federal and other agencies that provide services.
- The Department of Purchasing and Contracting received its eighth consecutive Achievement of Excellence in Procurement Award from the National Purchasing Institute for demonstrating excellence in innovation, professionalism, productivity, e-procurement and leadership.
- The Health and Human Services Agency's Children's Services program received a 2008 Adoption Excellence Award in the category "Support for Adoptive Families" from the U.S. Department of Health and Human Services for the extraordinary contributions the County has made in providing adoption and other permanency outcomes for children in foster care.

Note: Other Awards and Recognitions are listed in the County's 2009 Comprehensive Annual Financial Report, Letter of Transmittal and County Adopted Operational Plan Fiscal Years 2009-10 & 2010-2011.

The General Management System

The County of San Diego works to provide the best possible services to residents while serving as responsible stewards of public dollars. We have built a culture of operational excellence through the adoption of the General Management System (GMS). The GMS is the County's instruction manual for running an effective and accountable government. The elements of the GMS encompass an annual cycle that engages all employees on a daily basis.



GMS ELEMENT	QUESTION ASKED	ELEMENT DESCRIPTION
Strategic Planning	Where do we want to go?	Our Strategic Plan looks ahead five years to anticipate significant needs, challenges, and risks that are likely to develop. Long-range planning requires assessing both where we are and where we want to be.
Operational Planning	How do we get there from here?	Operational Planning allocates resources to specific programs and services that support our long-term goals over the next two fiscal years. This includes adoption of an annual budget and approval in principle of a second year spending plan.
Monitoring and Control	How is our performance?	Monitoring and Control shows us whether we are on track to achieve our goals. We evaluate progress at regular intervals and make necessary adjustments. Progress is evaluated monthly, quarterly, and annually.
Functional Threading	Are we working together?	Although the County is divided into distinct groups, departments and divisions for operational purposes, the County has many critical functions and goals that cross these organizational lines. Functional threading ensures coordination throughout the organization to pursue shared goals, solve problems, and exchange information.
Motivation, Rewards, and Recognition	Are we encouraging excellence?	County employees must embrace the GMS and understand how the process applies to their individual job. This requires setting clear expectations, providing incentives, evaluating performance, and rewarding those who meet or exceed expectations. Motivation, Rewards and Recognition encourages individual and group excellence.

Source: County of San Diego, General Management System Manual.

County Vision: “A County government that has earned the respect and support of its residents.”



Government-Wide Statement of Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$3.45 billion (net assets) at the close of fiscal year 2009, an increase (change in net assets) of \$217 million or 7% over fiscal year 2008.

The largest portion of the County's net assets (80%) reflects its investment of \$2.73 billion in capital assets, net of related debt (which includes: land, infrastructure, buildings, and equipment;

less any related outstanding debt used to acquire those assets). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related

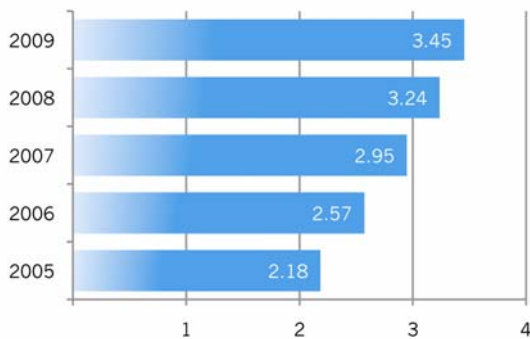
debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities. An additional portion of the County's net assets, i.e. restricted net assets equaled \$314 million

and represents resources that are subject to external restrictions on how they may be used. External restrictions include those imposed by grantors, contributors, laws and/or regulations of other governments. The remaining portion of the County's net assets includes \$409 million in unrestricted net assets.

June 30, 2009 and 2008 (In Thousands)

	Total Primary Government 2009	2008
Assets		
Current and other assets	3,027,754	2,804,223
Capital assets	3,083,989	2,950,045
Total assets	6,111,743	5,754,268
Liabilities		
Long-term liabilities	2,278,397	2,234,939
Other liabilities	379,661	282,250
Total liabilities	2,658,058	2,517,189
Net Assets		
Invested in capital assets, net of related debt	2,731,000	2,594,379
Restricted	314,107	181,198
Unrestricted	408,578	461,502
Total net assets	3,453,685	3,237,079

**Total Net Assets for Fiscal Years 2005-2009
(In Billions)**



Key Terms

Here are some definitions that will take the mystery out of the accounting terms you will find throughout the financial sections of this report.

- **Government-wide:** This PAFR presents the balance sheet (statement of net assets) which includes assets, liabilities and net assets. It also presents the income statement (statement of changes in net assets) which includes revenue and expense information.
- **Governmental Funds:** The County maintains various governmental funds that are used to account for tax, program and other miscellaneous revenues.
- **Business-type Funds:** The County maintains various business-type funds that are used to account for activities for which a fee is charged to external users for goods or services.
- **Primary Government:** Includes all of the governmental and business-type activities belonging to the County but excludes the discrete component unit and fiduciary funds.
- **Assets:** What is owned by the County.
- **Liabilities:** What the County owes.
- **Net Assets:** The difference between the County's assets and liabilities. It is the net worth of the County.
- **Current and other assets:** Includes such items as pooled cash and investments, cash and investments with fiscal agents, receivables, internal balances, inventories, deposits with others, prepaid items and deferred charges.
- **Capital assets:** Includes such items as County land, construction in progress, equipment, infrastructure and buildings and improvements net of depreciation.
- **Long-term liabilities:** Includes such items as bonds, loans, compensated absences, and other County obligations.
- **Other Liabilities:** Includes such items as payables, payroll, accrued interest and unearned revenue.
- **Invested in capital assets, net of related debt:** Represents amounts invested in capital assets less accumulated depreciation and any outstanding debt used to acquire these assets.
- **Restricted:** What is not available for use by the County because it is set aside for a particular use.
- **Unrestricted:** One-time funds available for the County to use for operations.

Government-Wide Statement of Changes in Net Assets

Program revenues are those that derive directly from the program itself or from other parties not the taxpayers. As a whole they reduce the net cost to be financed from the Government's general revenue. General revenues are those not required to be reported as program revenues. All expenses are reported under a specific function. A function is a group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible. Shown below is a summarized trend graphic that includes total revenues and total expenses for the last five fiscal years. At the end of fiscal year 2009, total revenues for the governmental activities were \$3.83 billion, while total expenses were \$3.64 billion. Governmental activities increased the County's net assets by \$198 million, accounting for 92% of the total increase in net assets (Business-type activities accounted for the remaining 8%, \$18 million). For further details regarding these changes please see the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009 - Management's Discussion and Analysis; available at <http://www.sdcounty.ca.gov/auditor/cafr.html>.

For the Years Ended June 30, 2009 and 2008 (In Thousands)

	Total Primary Government	
	2009	2008
Revenues:		
Program revenues:		
Charges for services	479,194	530,252
Operating grants and contributions	2,194,340	2,160,105
Capital grants and contributions	60,703	24,474
General revenues:		
Property taxes	618,048	637,491
Other taxes	15,167	20,374
Property taxes in lieu of vehicle license fees	316,925	303,348
Sales and use taxes	22,435	24,872
Investment Income	60,096	91,867
Other	118,997	80,916
Total revenues	3,885,905	3,873,699
Expenses:		
Governmental Activities:		
General government	275,508	299,735
Public protection	1,158,162	1,180,114
Public ways and facilities	151,125	144,452
Health and sanitation	678,217	638,869
Public assistance	1,177,320	1,114,453
Education	42,424	36,355
Recreation and cultural	34,542	33,941
Interest expense	118,927	120,923
Business-type Activities:		
Airport	10,614	8,848
Sanitation districts	16,666	17,574
Wastewater management	5,794	5,320
Total expenses	3,669,299	3,600,584
Change in net assets	216,606	273,115
Net assets at beginning of year (restated)	3,237,079	2,963,964
Net assets at end of year	3,453,685	3,237,079

Sales and use taxes - A consumption tax charged at the point of purchase for certain goods and services.

Investment income - Earnings on County investments.

Other - Includes various miscellaneous revenue types that are not reported in aforementioned categories.

Expenses:

General government - Services provided by support departments such as the Assessor/Recorder/County Clerk, Auditor & Controller, Treasurer-Tax Collector, County Counsel, Board of Supervisors and the County Technology Office.

Public protection - Services provided by departments such as Agriculture Weights and Measures, District Attorney, Department of Animal Services, Office of Emergency Services, fire protection Permanent Road Divisions, Medical Examiner, Probation, and Sheriff.

Public ways and facilities - Services provided by departments such as roads Permanent Road Divisions, Public Works, Aviation and the San Diego Lighting Maintenance District.

Health & sanitation - Services provided by departments such as Air Pollution Control, ambulance and paramedic County Service Areas, Environmental Health, Health and Human Services Agency, Public Works, Inactive Waste Site Management and various Sanitation Districts.

Public assistance - Services provided by departments such as Health and Human Services, Housing Authority, Probation and In Home Supportive Services Public Authority.

Education - Services provided by departments such as the County Library, and Farm & Home Advisor.

Recreation and cultural - Services provided by departments such as park County Service Areas, Local Park Planning Areas and Parks and Recreation.

Interest expense - Expenses associated with County debt.

Airport - Expenses related to the maintenance, operations and development of County airports. A major objective of the airport program is to purchase and develop airport property in order to create tax revenues and create jobs in the private sector.

Sanitation Districts - Expenses related to the operations of the sanitation districts governed under the Board of Supervisors.

Wastewater Management - Expenses related to the operations and support provided to sanitation districts governed by the Board of Supervisors.

Revenues:

Charges for services - Fees charged for licenses, permits and franchises, fines forfeitures, penalties and other fees.

Operating grants and contributions - Aid from local, state and federal agencies.

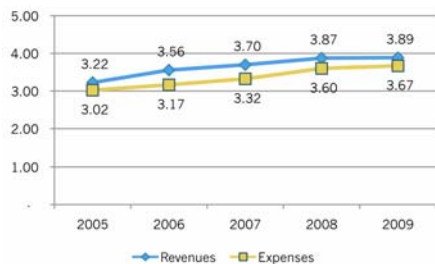
Capital grants and contributions - Federal and state grants for capital activities and donations made from external entities e.g. developers.

Property taxes - County property taxes levied.

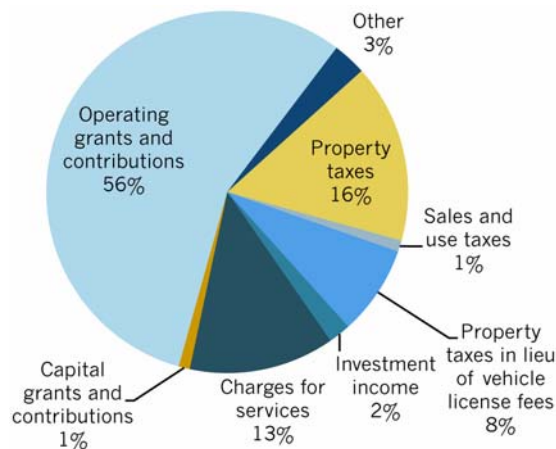
Other taxes - Other taxes levied such as transit occupancy tax and real property transfer tax.

Property taxes in lieu of vehicle license fees - Property taxes collected in lieu of vehicle license fees.

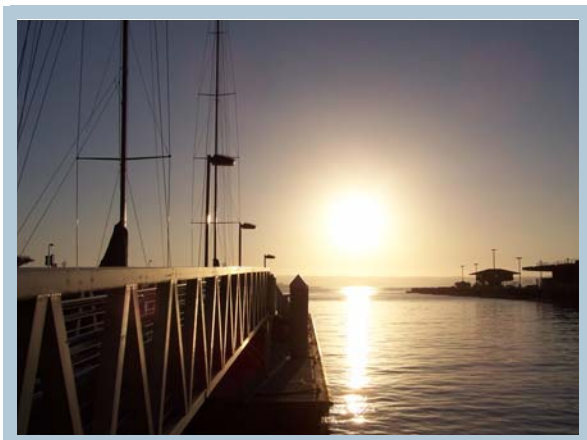
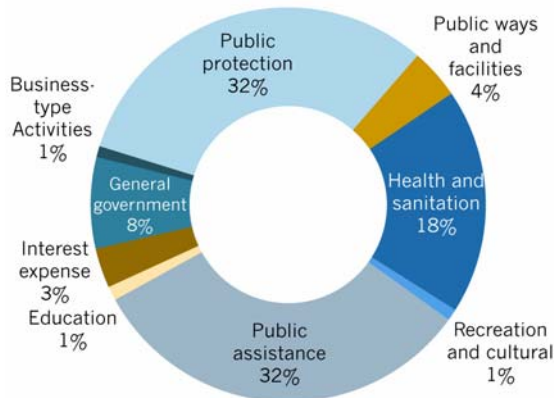
**County Revenues & Expenses for Fiscal Years 2005-2009
(In Billions)**



Where the money comes from...



Where the money goes...



GMS Strategic Initiative: Kids

Improve opportunities for children
2009 Achievements of Note

Health and Human Services Agency...

- Focused on children under 10 years of age, both through the current child welfare system and the Nurse Family Partnership program:
 - 96% of East Region clients received all their immunizations
 - 97% of South Region clients initiated breastfeeding.

Parks and Recreation...

- Provided over 100 health-related events, classes, and activities throughout the San Diego region for over 6,500 youth.
- Facilitated 113 community volunteer projects for over 3,500 youth participants.



Farm and Home Advisor...

- Trained 155 teachers and youth leaders to implement garden-based nutrition education for approximately 5,500 children and youth from low-income families.

County Library...

- Increased the Youth Summer Reading Program enrollment by 24% in fiscal year 2009 with a total of 28,636 participants

Environmental Health...

- Conducted 39 presentations to over 7,500 students related to household hazardous waste & materials, vector control awareness and careers in environmental health.

Animal Services...

- Promoted child safety and injury prevention by presenting 90 animal safety and dog bite prevention presentations to area schools and other organizations that serve local youth.

Note: Additional County Department achievements are listed in the County's 2009 Comprehensive Annual Financial Report, Letter of Transmittal and County Adopted Operational Plan Fiscal Years 2009-2010 & 2010-2011.

County Pooled Investments

The County investment practices and policies are based upon state law and prudent money management. The Pooled Investment

Policy Objectives are:

- To Safeguard the principal of the funds under the Treasurer's control.
- To meet the liquidity needs of the participants.
- To achieve an investment return on the funds under control of the Treasurer within the parameters of prudent risk management.

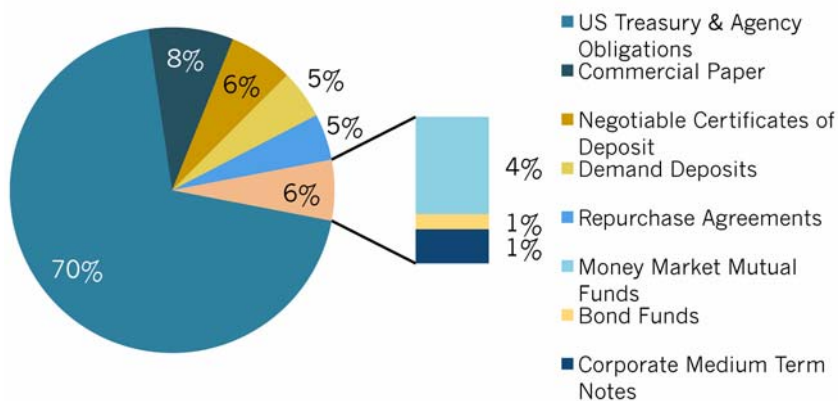
POOLED INVESTMENTS (IN THOUSANDS)

Investment	Fair Value	Standard & Poor's Rating
US Treasury & Agency Obligations	3,921,240	AAA
Commercial Paper	474,925	A-1/A-1+
Corporate Medium Term Notes	78,853	AA/AA+
Repurchase Agreements	258,370	N/A
Money Market Mutual Funds	225,110	AAA
Negotiable Certificates of Deposit	360,580	N/A
Bond Funds (Bonds)	34,930	AA
Demand Deposits	275,000	N/A
Total Investments and demand deposits	5,629,008	

Note: Data presented in this chart excludes investments with fiscal agents.

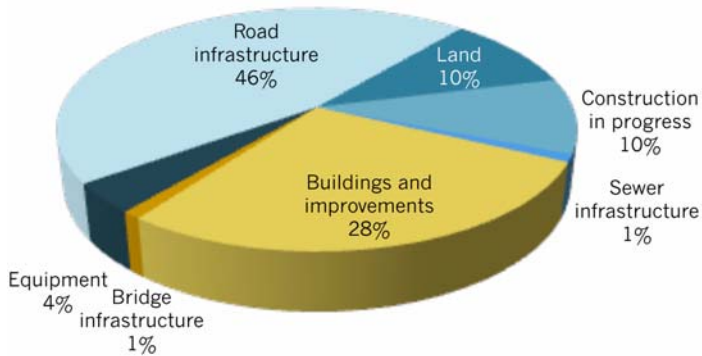
STANDARD & POOR'S INVESTMENT POOL RATING

Investment Pool Rating	Min. Fund %	Max. Fund %
AAA	67	100
AA	0	33
A	0	13



Capital Assets

The following chart depicts the outstanding capital assets, net of depreciation, as of June 30, 2009 for both Business-type and Governmental funds.



At June 30, 2009, the County's Capital Assets, net of depreciation totaled \$3.08 billion. Capital assets are used to provide services to County residents. Some of the significant capital asset activity in fiscal year 2009 was as follows:

- \$45.1 million towards the construction and improvement of County maintained roads, bridges and other road related infrastructure.
- \$32.4 million towards the construction of the Medical Examiner Building at the County Operation Center in Kearny Mesa. Total project costs are estimated at \$85.4 million.
- \$30.9 million towards construction at the County Operations Center. Total project costs are estimated at \$181.5 million.
- \$10.9 million in infrastructure donated by developers.
- \$17 million towards improvements at the Palomar Airport Terminal, parking lot, access roads and drainage. Total project costs are estimated at \$27 million.

GMS Strategic Initiative: The Environment

Manage resources to ensure environmental preservation, quality of life, and economic development

2009 Achievements of Note

Environmental Health...

- Developed an annual inspection schedule for each recycled water producer and an inventory of recycled water use sites that are due for a four-year shutdown test inspection through the expansion and improvement to the County's permit tracking database inspection module. This will help protect the public from the potential negative health affects of recycled water misuse.

General Services...

- Reduced electricity consumption by 1% per square foot by implementing Energy Commission loan projects; conducting energy audits; and exceeding Title 24 requirements on capital renewal projects in support of the County's Strategic Energy Master Plan for all County facilities.

Parks and Recreation...

- Completed construction and opened the San Elijo Lagoon Nature Center in January 2009. Exhibits feature recycled materials, solar panels, irrigated roof plants and recycled water that educate the public about Green Building concepts. The Nature Center was designed and built to attain LEED Platinum Certification.

Housing and Community Development...

- Installed energy-efficient Energy Star-rated air conditioning units at 59 units in a senior low-income public housing complex and retrofitted 97 lighting fixtures with energy efficient models to increase energy efficiency and promote long-term cost savings.

Public Works...

- Protected and preserved the County's water quality and watersheds by: 1) removing 27,000 cubic yards of debris from culverts, drainage channels and roads; 2) sweeping 16,193 lane-miles of roadway to clean debris from road surfaces to prevent pollution of the County's rivers, bays and the ocean; and, 3) cleaning 480 miles of sewer mains within the County's sanitary sewer system to protect public health and the environment by minimizing the risk of sanitary sewer overflows.

Clerk of the Board of Supervisors...

- Reduced water consumption at the County Administration Center by 12% with the use of: automatic faucets; low-flow toilets; a waterless urinal pilot program; drought-tolerant ground cover; and a drip system for watering, conserving limited resources.

Note: Additional County Department achievements are listed in the County's 2009 Comprehensive Annual Financial Report, Letter of Transmittal and County Adopted Operational Plan Fiscal Years 2009-2010 & 2010-2011.

Long-Term Liabilities (Debt)

Certificates of Participation and Lease Revenue Bonds (COP/LRB) provide funds for the acquisition and construction of major capital facilities and equipment. The repayment of these COP/LRB is secured by a lease structure where the borrowing entity leases certain properties to another entity, a lessor, which in turn leases the properties back to the borrower. These lessors are the San Diego Capital Asset Leasing Corporation (SANCAL), and the San Diego Regional Building Authority (SDRBA).

Taxable Pension Obligation Bonds (POB) are issued by the County to reduce its pension unfunded actuarial liability and to achieve interest rate savings by issuing bonds at interest rates which are less than the assumed rate of return earned on proceeds placed in the San Diego County Employees Retirement Association's pension plan. They are also issued to refund previously issued Pension Obligation debt.

Tobacco Settlement Asset-Backed Bonds (TSAB) are issued by the Tobacco Securitization Joint Powers Authority of Southern California to securitize future revenue streams available to the County pursuant to various agreements.

County Redevelopment Revenue Refunding Bonds (CRA) were issued by the County Redevelopment Agency to fund project activities in Gillespie Field Airport.

Loans provide funds for the construction of low income housing, for various projects in County facilities to increase energy efficiency; and for the construction of a sewer line and installation of a control tower, at the Ramona Airport.

CREDIT RATINGS*

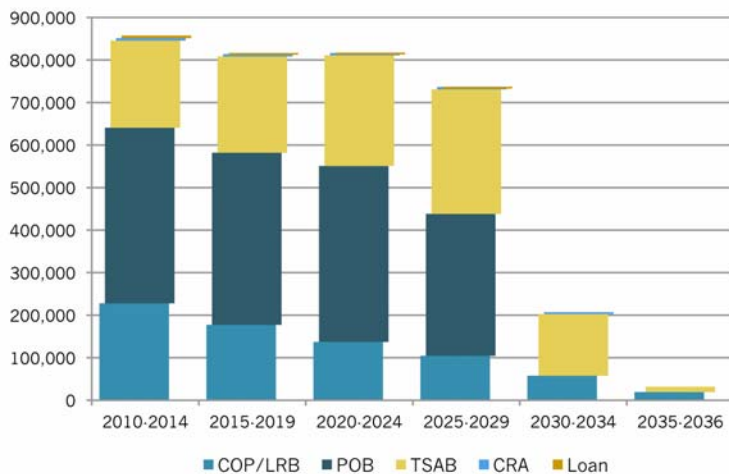
Issuer Rating	Moody's	Standard & Poor's	Fitch
	Aa2	AAA	AA+
Certificates of Participation San Diego Capital Asset Leasing Corporation (SANCAL)	A1	AA+	AA
Certificates of Participation San Diego Regional Building Authority (SDRBA) Metropolitan Transit System Towers	A1	AA+	AA
Lease Revenue Bonds SDRBA County Operations Center 1A	A1	AA+	AA
Refunding Lease Revenue Bonds SDRBA San Miguel	A2	Not Rated	Not Rated
Pension Obligation Bonds	Aa3	AA+	AA
Tobacco Settlement Asset-Backed Bonds - Series 2006A (Senior)	Baa3	BBB	Not Rated
Tobacco Settlement Asset-Backed Bonds - Series 2006B (First Subordinate)	Not Rated	BBB	Not Rated
Tobacco Settlement Asset-Backed Bonds - Series 2006C (Second Subordinate)	Not Rated	BBB-	Not Rated
Tobacco Settlement Asset-Backed Bonds - Series 2006D (Third Subordinate)	Not Rated	BB	Not Rated
County Redevelopment Agency Bonds	Not Rated	Not Rated	Not Rated

*As of June 30, 2009

See Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2009, Management's Discussion and Analysis.



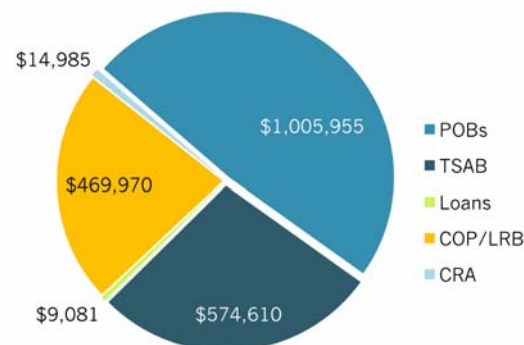
County Debt Service Requirements to Maturity



At June 30, 2009 the County's total long-term liabilities totaled \$2.075 billion in certificates of participation, bonds and loans. Other long-term liabilities that include claims & judgments, compensated absences, landfill closure and postclosure, arbitrage and unamortized premiums, discounts and deferred amounts on refundings totaled \$203 million for a total of \$2.278 billion in long-term liabilities.

(Note: the charts in this section exclude other long-term liabilities).

County Principal Debt Outstanding as of June 30, 2009 (in Thousands)



GMS Strategic Initiative: Safe & Livable Communities Promote safe and livable communities 2009 Achievements of Note

District Attorney...

- Instituted two major gang operations in high crime neighborhoods that led to the arrests and prosecutions of over 100 documented gang members. These operations resulted in significant crime reductions in the communities.
- Increased the prosecutions of Internet crimes against children by 14%.

Assessor/Recorder/County Clerk...

- Implemented an interim day-forward redaction solution fulfilling the State mandated requirement that social security numbers be truncated on all recorded documents.

Sheriff...

- Reduced the time for the Crime Lab to process and deliver DNA analysis for street crimes (robbery, burglary, auto theft) to area investigators from an average of 161 days to 52 days by creating a rapid response DNA Team.

Registrar of Voters...

- Conducted four elections that provided access for all voters and timely elections results, including the Presidential Election in November 2008, with a turnout of 83%, the highest percentage turnout since 1972.

County Library...

- Increased participation in adult programs that promote lifelong learning by 137% (from 36,950 to 87,624) by increasing programs and improving publicity.

Public Works...

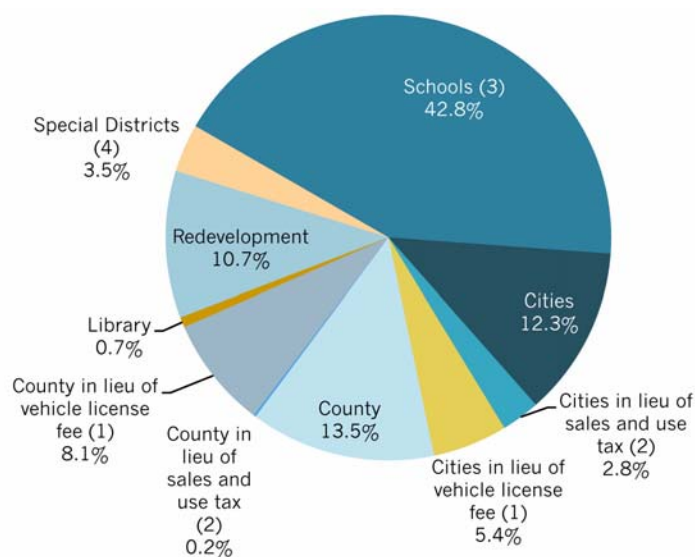
- Completed construction of the McClellan-Palomar Airport Terminal. This project won an American Public Works Association Project of the Year award.

Note: Additional County Department achievements are listed in the County's 2009 Comprehensive Annual Financial Report, Letter of Transmittal and County Adopted Operational Plan Fiscal Years 2009-2010 & 2010-2011.

How Property Tax Collections Are Allocated

Proposition 13, enacted in 1978, set the maximum ad valorem property tax rate at one percent (1%) of a property's cash value plus voter approved debt service tax rates, and it limited annual increases to two percent (2%). The Fiscal Year 2009 Property Tax Collection Allocation was as follows:

1% Property Tax Collection Allocation Total Collections \$3,903,633,498



(1) Represents the exchange of Property Tax for Cities and County Vehicle License Fee as authorized under Senate Bill 1096, chaptered August 5, 2004.

(2) Represents the exchange of Property Tax for Cities and County Sales and Use Tax as authorized under Assembly Bill 1766, chaptered August 2, 2003.

(3) The collection allocated to the Educational Revenue Augmentation Fund (ERAF) was used to pay the in lieu of vehicle license fee (VLF) and in lieu of sales and use tax (SUT) to the County and Cities. In addition, revenue for schools was reduced by the ERAF deficit as authorized under Senate Bill 1096, chaptered August 5, 2004.

(4) Includes districts under Board of Supervisors.

See Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2009, Statistical Table 8. Details of the 1% Property Tax Collection Allocation were provided by the County Auditor and Controller's Property Tax Services Division.



TOP 10 TAXPAYERS

(By Secured Taxable Assessed Value)

1	San Diego Gas & Electric • 4,217,344
2	Irvine Co. • 1,777,047
3	Southern California Edison Co. • 1,529,640
4	Kilroy Realty LP • 1,438,252
5	Qualcomm Inc. • 1,243,048
6	San Diego Expressway LP • 1,200,000
7	Arden Realty Ltd Partnership • 1,041,162
8	O C/S D Holdings LLC • 1,003,047
9	Pacific Bell Telephone Co. • 852,867
10	Genentech Inc. • 547,873

See Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2009, Statistical Table 7.

The Guardian of Water

June 2009 celebrated the 70th anniversary of the “Guardian of Water” sculpture located on the west side of the County Administration building. The sculpture, which is in the shape of a pioneer woman holding a water jug, sits atop a water fountain basin, and is symbolic of San Diego’s guardianship over one of its most precious resources: water. Its creator, Donal Hord, was a prominent local artist commissioned by the Works Progress Administration.

The base of the statue is covered in mosaic tiles that depict clouds in the form of kneeling nudes, who pour water from jars over a dam which flows into a conventionalized citrus fruit orchard. Shapes of dolphins and fish were carved into the interior basin, measuring 17 feet, 6 inches in diameter. The circumference of the basin bears a design of sea snails. When asked to explain the meaning behind the mosaic patterns, Hord claimed that it was his idea to produce these different areas almost as though a pebble were dropped in the water; the water first coming from the clouds, giving life to the land, then spilling over into the sea, which was represented by fish forms, and finally ending on a shoreline in the drawing of sea snails. The combined statue and base rise 22 feet, 3 inches, with the statue itself reaching a height of 13 feet, 3 inches. The “Guardian of Water” was ceremonially dedicated on June 10, 1939.

Source: *Bridging the Centuries: The Jewel on the Bay*, December 1998

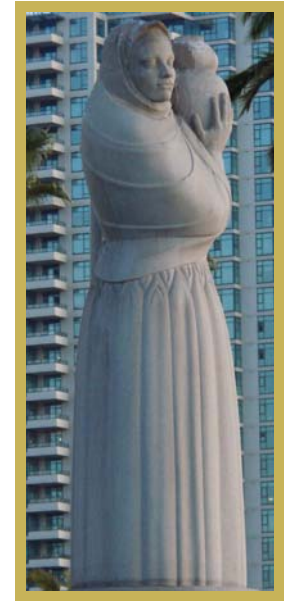


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www.sdcountry.ca.gov

If you would like additional financial information the Comprehensive Annual Financial Report is available on our website at <http://www.sdcountry.ca.gov/auditor/cafr.html>